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At the request of the NSC staff, all elements of the Intelligence Community have worked for six months to evaluate intelligence challenges for 1985 and beyond and the capabilities that will be needed and can be developed to meet them. In this study, we first identified 13 challenges. We then matched against these targets the improvements already authorized—the satellite and other technical means now being designed or built and the human intelligence capabilities being recruited, trained and organized. How these already programmed capabilities address the 13 challenges are indicated by blue markings on Chart 1.

Chart 2 identifies the additional improvements over and above those already programmed, which we see as required to overcome growing sophistication on the part of the Soviets and others and to revitalize and recapitalize the U.S. intelligence system.

There is wide variation in our capability to respond to these 13 challenges. Pockets of strength exist against as Soviet warfighting doctrine, plans and strategy; Soviet weapons and systems development; arms control monitoring; indications and warning. But even in these areas new threats and growing sophistication create concerns.

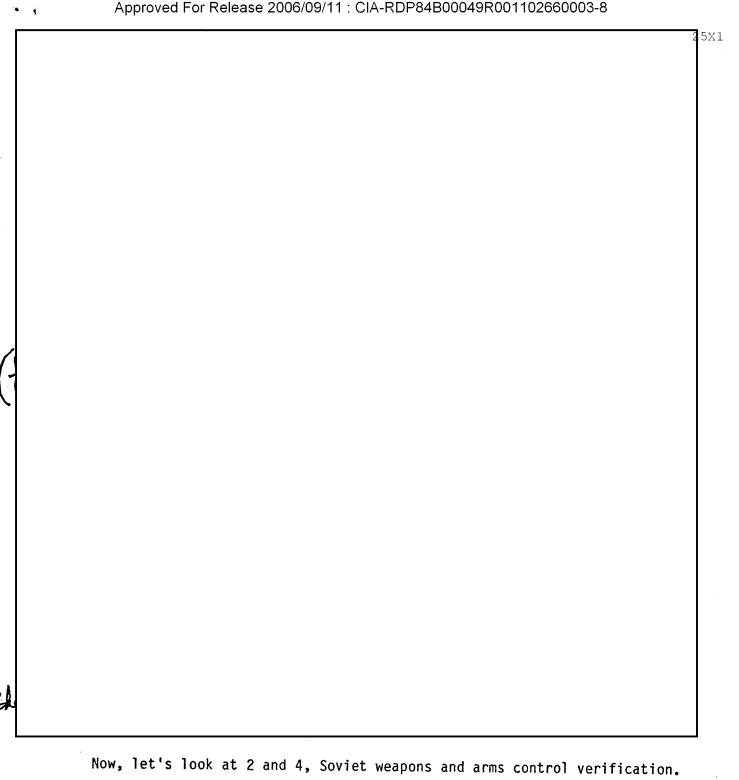
Serious intelligence gaps will remain against all of the challenges unless there is a major commitment to continue to rebuild and to improve our intelligence systems. The commitment must be made now so that plans can be developed and implemented rationally and systematically.

The three columns in this chart/which I will now follow/show you how we rate our presently programmed capability against each of the challenges. I will comment briefly on improvements needed to improve that rating.

The fact that geographic areas, like China, the Middle East, Latin America and South Asia, are not identified specifically in the 13 issues does not mean that we do not also recognize their importance. Programmed improvements and new capabilities primarily focused on other challenges will satisfy our needs in these areas.

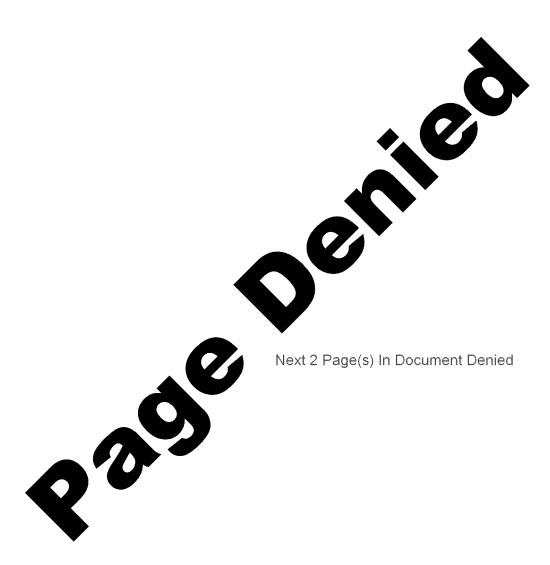
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Now, let's look at 2 and 4, Soviet weapons and arms control verification. Our capability at the early design stages is poor. We need to correct this to give us the lead time necessary to counter new weapons. Our capability to follow the testing and deployment of weapons is quite good but we need to

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Given the ease of mobility worldwide and the increased U.S. involvement and interdependence throughout the world, it will become increasingly difficult to protect the U.S. and its citizens from terrorism, espionage, and other international illegalities. To formulate and implement effective security and countermeasure policies and to support U.S. counteroperations when necessary, intelligence is required on organizations, plans, intentions, finances, personnel, and techniques likely to be used by foreign governments and violent revolutionary organizations against U.S. personnel and facilities.

We have of course followed espionage and other clandestine activity for a long time, but while we have been drawn down for ten years, the number, size and skill of those working against us has grown and we still have some catching up to do. Our efforts on foreign terrorism have never been adequate and we have only recently recognized the magnitude of the worldwide effort to steal our technology through evasion of export controls and other illegal transfers. Our ability to respond to this requirement varies from poor to marginal. Most of these activities have not been considered primary intelligence targets in the past and only minimal resources have been programmed against them.

Additional FBI surveillance and collection resources and analysts need to be

added to the clandestine and open reporting already required to meet Third World and economic intelligence requirements. In addition, we need an improved COMINT capability against hostile agent and terrorist communications, including the

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multiple crises and contingencies not routinely covered is currently unsatisfactory to poor. With the exception of rebuilding our outdated communications
and adding automated data processing capabilities, the necessary technical and
analytical capabilities for this surge capability can accrue from investments
I have already described as needed to respond to other challenges. I would
add only the establishment of a Reserve Force of linguists, former intelligence
personnel, and foreign service officers with incentives and opportunities to
maintain their skills on whom we could call during prolonged crises?

I would now like Admiral Inman to comment on how we got where we are, on the improvements needed in surge capabilities and in our obsolete communications network, and on the resource implications of all this.

